

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

~~044~~001

In the Matter of:

HOUGHTON INTERNATIONAL, INC.)
Madison & Van Buren Avenues)
Post Office Box 930)
Valley Forge, Pennsylvania 19482,)
Respondent)

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified Houghton International, Inc. of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1999)) (the Act), and the Export Administration Regulations (15 C.F.R. Parts 730-774 (1999)) (the Regulations),² based on allegations that, on 20 separate occasions,

The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), August 13, 1998 (3 C.F.R., 1998 Comp. 294 (1999)), and August 10, 1999 (64 Fed. Reg. 44101 (August 13, 1999)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1999)).

² The alleged violations occurred in 1994, 1995 and 1996. The Regulations governing the violations at issue are found in the 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1994 and 1995) and 15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996)) (hereinafter "the former Regulations"). The March 25, 1996 Federal Register publication redesignated, but did not republish, the existing Regulations as 15 C.F.R. Parts 768A-

between on or about August 5, 1994 and or about August 16, 1996, Houghton International, Inc. exported U.S.-origin chemicals to South Korea without obtaining the validated licenses required by Section 772.1(b) of the former Regulations, for a total of 17 violations of Section 787.6 and three violations of Section 787A.6 of the former Regulations; and

BXA and Houghton International, Inc. having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby BXA and Houghton International, Inc. have agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED,

FIRST, that a civil penalty of \$150,000 is assessed against Houghton international, Inc., which shall be paid to the Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 & Supp. 1998)), the civil penalty owed under this Order accrues interest as more fully

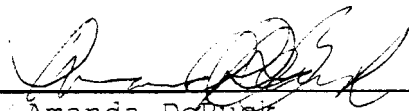
799A. In addition, the March 25, 1996 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations define the violations that BXA alleges occurred. The reorganized and restructured Regulations establish the procedures that apply to this matter.

described in the attached Notice and, if payment is not made by the due date specified herein, Houghton International, Inc. will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

'THIRD, that, as authorized by Section 11(d) of the Act, the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Houghton International, Inc. Accordingly, If Houghton International, Inc. should fail to pay the civil penalty in a timely manner, the undersigned will enter an Order under the authority of Section 11(d) of the Act denying all of Houghton International, Inc.'s export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public.

This Order is effective immediately.



F. Amanda DeBusk
Assistant Secretary
for Export Enforcement

Entered this 28th day of February, 2000.



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Export Administration
Washington, D.C. 20230

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Houghton International, Inc.
Madison & Van Buren Avenues
Post Office Box 930
Valley Forge, Pennsylvania 19482

004

Attention: William F. MacDonald
President

Dear Mr. MacDonald:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described below, Houghton International, Inc. (Houghton) has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1999)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1999)) (the Act).*

Facts constituting violations:

Charges 1-20

As described in greater detail in the Schedule of Violations, which is enclosed herewith and incorporated herein by reference, on 20 separate occasions between on or about August 6, 1994 and August 16, 1996, Houghton exported U.S.-origin chemicals from the United States to South

¹ The alleged violations occurred in 1994, 1995 and 1996. The Regulations governing the violations at issue are found in the 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1994 and 1995)) and 15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996)) (hereinafter "the former Regulations"). The March 25, 1996 Federal Register publication redesignated, but did not republish, the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations define the violations that BXA alleges occurred. The reorganized and restructured Regulations establish the procedures that apply to this matter.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R. 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), and August 13, 1998 (3 C.F.R. 1998 Comp. 294 (1999)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1999)).



Korea without the validated licenses that were required by Section 772.1 (b) (redesignated as Section 772A. 1 (b) on March 25, 1996) of the former Regulations. BXA alleges that, by exporting U.S.-origin chemicals to any person or destination or for any use in violation of or contrary to the terms of the Act, or any regulation, order, or license issued thereunder, Houghton committed 17 violations of Section 787.6 and three violations of Section 787A.6 of the former Regulations for a total of 20 violations of the former Regulations.

Accordingly, Houghton is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

- a. The maximum civil penalty of \$10,000 per violation (see Section 764.3(a)(1) of the Regulations);
- b. Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If Houghton fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7. Houghton is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a settlement.

Pursuant to an Interagency Agreement between BXA and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter. Accordingly, Houghton's answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 S. Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of Houghton's answer should be

served on BXA at the address set forth in Section 766.5(b), adding “ATTENTION: Lairold M. Street, Esq.” below the address. Mr. Street may be contacted by telephone at (202) 482-53 11.

Sincerely,

Mark D. Menefee
Director
Office of Export Enforcement

Enclosures

SCHEDULE OF VIOLATIONS
HOUGHTON INTERNATIONAL INC.

CHARGE NUMBER	DATE OF EXPORT (on or about)	COMMODITY	DESTINATION	BILL OF LADING
1	08/06/94	DIETHYLAMINOETHANOL	SOUTH KOREA	PABUJ37260
2	09/10/94	DYE IN TRIETHANOLAMINE	SOUTH KOREA	PABUJ38007
3	11/04/94	DIETHYLAMINOETHANOL	SOUTH KOREA	PABUJ39075
4	01/04/95	DIETHYLAMINOETHANOL	SOUTH KOREA	PABUJ40434
5	01/27/95	TRIETHANOLAMINE	SOUTH KOREA	PABUJ40886
6	03/03/95	DIETHYLAMINOETHANOL	SOUTH KOREA	PABUJ41693
7	03/12/95	DYE IN TRIETHANOLAMINE/ TRIETHANOLAMINE	SOUTH KOREA	PABUJ42036
8	04/17/95	DIETHYLAMINOETHANOL AND TRIETHANOLAMINE	SOUTH KOREA	PABUJ43122
9	06/10/95	TRIETHANOLAMINE	SOUTH KOREA	PABUJ44596
10	07/02/95	DIETHYLAMINOETHANOL AND TRIETHANOLAMINE	SOUTH KOREA	PABUJ45268
11	07/08/95	TRIETHANOLAMINE	SOUTH KOREA	PABUF67993
12	09/16/95	DIETHYLAMINOETHANOL	SOUTH KOREA	F2BU197871

CHARGE NUMBER	DATE OF EXPORT (on or about)	COMMODITY	DESTINATION	BILL OF LADING
13	11/04/95	DYE IN TRIETHANOLAMINE	SOUTH KOREA	PABU206752
14	11/12/95	TRIETHANOLAMINE	SOUTH KOREA	PABU207853
15	01/06/95	TRIETHANOLAMINE	SOUTH KOREA	PABU702881
16	01/20/96	TRIETHANOLAMINE	SOUTH KOREA	PABU704960
17	02/09/96	DIETHYLAMINOETHANOL AND TRIETHANOLAMINE	SOUTH KOREA	PABU708954
18	04/07/96	DYE IN TRIETHANOLAMINE	SOUTH KOREA	PABU722592
19	06/09/96	DYE IN TRIETHANOLAMINE	SOUTH KOREA	PABU737278
20	08/16/96	DYE IN TRIETHANOLAMINE	SOUTH KOREA	PABU752579

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In the Matter of:)
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HOUGHTON INTERNATIONAL, INC.)
Madison & Van Buren Avenues)
Post Office Box 930)
Valley Forge, Pennsylvania 19482,)
)
)
Respondent)

SETTLEMENT AGREEMENT

This Agreement is made by and between Houghton International, Inc. and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(a) of the Export Administration Regulations (15 C.F.R. Parts 730-774 (1999)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1999)) (the Act).²

¹ The alleged violations occurred in 1994, 1995 and 1996. The Regulations governing the violations at issue are found in the 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1994 and 1995) and 15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996)) (hereinafter "the former Regulations"). The March 25, 1996 Federal Register publication redesignated, but did not republish, the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations define the violations that BXA alleges occurred. The reorganized and restructured Regulations establish the procedures that apply to this matter.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential

WHEREAS, the Office of Export Enforcement, Bureau of Export Administration (BXA), has notified Houghton International, Inc. of its intention to initiate an administrative proceeding against it pursuant to the Act and the Regulations, based on allegations that, on 20 separate occasions between on or about August 6, 1994 and or about August 16, 1996, Houghton International, Inc. exported U.S.-origin chemicals to South Korea without obtaining the validated licenses required by Section 772.1(b) of the former Regulations, for a total of 17 violations of Section 787.6 and three violations of Section 787A.6 of the former Regulations;

WHEREAS, Houghton International, Inc. has reviewed the proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true; it fully understands the terms of this Settlement Agreement and the proposed Order; it enters into this Settlement Agreement voluntarily and with full knowledge of its rights, and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Houghton International, Inc. neither admits nor denies the allegations contained in the proposed Charging Letter;

Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), August 13, 1998 (3 C.F.R., 1998 Comp. 294 (1999)), and August 10, 1999 (64 Fed. Reg. 44101 (August 13, 1999)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1999)).

WHEREAS, Houghton International, Inc. and BXA wish to settle and dispose of all matters alleged in the proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, Houghton International, Inc. agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order);

NOW THEREFORE, Houghton International, Inc. and BXA agree as follows:

1. BXA has jurisdiction over Houghton International, Inc., under the Act and the Regulations, in connection with the matters alleged in the proposed Charging Letter.

2. BXA and Houghton International, Inc. agree that the following sanction shall be imposed against Houghton International, Inc. in complete settlement of the alleged violations of the Act and the former Regulations set forth in the proposed Charging Letter:

- a. Houghton International, Inc. shall be assessed a civil penalty in the amount of \$150,000, which shall be paid to the U.S. Department of Commerce, in accordance with the instructions provided, within 30 days from the date of entry of the appropriate Order.
- b. As authorized by Section 11(d) of the Act, the timely payment of the civil penalty agreed to in paragraph 2a. is hereby made a condition to the granting, restoration, or continuing validity of any export

license, permission, or privilege granted, or to be granted, to Houghton International, Inc. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Houghton International, Inc.'s, export privileges for a period of one year from the date of entry of the appropriate Order imposing the civil penalty.

3. Houghton International, Inc. agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right (a) to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) to request a refund of any civil penalty paid pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agreed that, upon entry of an appropriate Order, it will not initiate any administrative proceeding against Houghton International, Inc. in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed Charging Letter.

5. Houghton International, Inc. understands that BXA will make the proposed Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.

6. BXA and Houghton International, Inc. agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued by the Assistant Secretary for Export Enforcement pursuant to Section 766.18(a) of the Regulations, BXA and Houghton International, Inc. agree that they may not use this Settlement Agreement in any administrative or judicial proceeding and that the parties shall not be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same

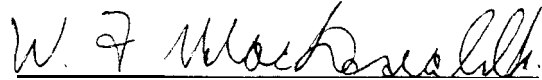
force and effect as a decision and order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

HOUGHTON INTERNATIONAL, INC.



Mark D. Menefee
Director
Office of Export Enforcement



William F. MacDonald
President

Date: 11/5/99

Date: 11/1/99